



## **ESG and Sustainability Risk Management Policy**

**December 2025**

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**Last review:** December 2025  
**Next scheduled review:** December 2026

## 1. Introduction

This Policy sets out the principles and procedures by which KENDRIS Capital Limited (the “Company”) integrates sustainability risks into its investment and risk-management processes in line with its obligations as an Alternative Investment Fund Manager.

The Policy has been prepared in accordance with the Sustainable Finance Disclosure Regulation (EU) 2019/2088 (“SFDR”), as supplemented by Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 (the “SFDR Regulatory Technical Standards” or “SFDR RTS”), and with Commission Delegated Regulation (EU) 2021/1255 amending the AIFMD Delegated Regulation 231/2013 on the integration of sustainability risks.

The SFDR and its RTS establish a harmonised framework for the disclosure of sustainability-related information by financial market participants, including AIFMs. In this context, the Company ensures that relevant factors, controls, and governance arrangements are in place to manage and report on sustainability-related risks and considerations.

In line with these requirements, the Company publicly discloses the following information:

- Its sustainability risks policy (Article 3 of the SFDR);
- Information on Principal Adverse Impacts (PAIs) of investment decisions on sustainability factors (Article 4 SFDR); and
- A statement on how its Remuneration Policy is consistent with the integration of sustainability risks (Article 5 of the SFDR).

The following information is based on the current understanding of the regulatory framework in place and may therefore vary based on additional texts published by the regulators. Please contact the Company for up-to-date information on approach.

The Company is of the opinion that transparency regarding the implementation steps taken with regard to those requirements is in the best interest of the AIFs/RAIFs (the “Funds”) managed and the investors invested in those Funds.

This Policy is reviewed annually and approved by the Board of Directors.

Should the Company in future manage Article 8 or Article 9 products within the meaning of the SFDR, this Policy will be updated to reflect enhanced ESG integration, sustainability indicators, and taxonomy-alignment requirements.

## 2. Scope of the Sustainability Risk Policy

Pursuant to the provisions of Article 3 of the SFDR, the Company shall disclose how sustainability risks are identified, assessed, and integrated within its investment decisions.

The Company acknowledges the impacts sustainability risks can impose on the managed Alternative Investment Funds (“AIFs”) and Registered AIFs (“RAIFs”), collectively the “Funds”, and considers the approach to integrate the risks stemming from sustainability issues described in this Sustainability Risks Policy (the “Policy”) as strengthening of its fiduciary duties towards the investors of the Funds.

A sustainability risk, as defined in the SFDR, means an environmental, social or governance event or condition that, if it occurs, could cause a negative material impact on the value of an investment. Accordingly, sustainability risks may lead to a material deterioration in the financial profile, liquidity, profitability, or reputation of underlying investments. Despite being considered in the investment valuation process, they can have a significant negative impact on the market price and / or the liquidity of the investment and thus on the return of a Fund.

Sustainability risks can affect all known risk types, such as market risk, liquidity risk, counterparty risk and operational risk, and contribute as a factor to the materiality of these risk types, however they do not represent a separate risk type, but are inherent to the aforementioned risk types.

The Policy outlines the Company’s approach to identifying, assessing, and monitoring sustainability risks that may arise during the investment decision-making process for the Funds under management.

**The Company currently manages only Article 6 products within the meaning of the SFDR. These Funds do not promote environmental or social characteristics and do not have sustainable investment objectives.**

Oversight and management of this Policy are embedded in the Company’s governance and risk management framework. The Board of Directors has overall responsibility for approving and overseeing this Policy, supported by the Investment Committee, Risk Management, and Compliance functions. These control functions ensure effective implementation, monitoring, and ongoing compliance with the Policy and report to the Board on sustainability-risk matters.

## 3. Integration of sustainability risks

The Company sets the framework for the integration of sustainability risks into its investment decisions-making and risk-management processes. This framework sets out the approach taken to identify, assess, manage, and monitor sustainability risks that may

have a material impact on the performance or risk profile of any managed AIF or RAIF (collectively, the “Funds”).

In most cases, the Company performs the portfolio management function internally, meaning that investment decisions are made at the Company’s discretion and subject to its internal governance and control framework. Sustainability risks are integrated into the Company’s investment decision-making process through:

- Pre-trade assessment of sustainability-related risk factors;
- Ongoing monitoring of portfolio exposures to ESG risks; and
- Oversight by the Risk Management and Compliance functions.

In line with its investment governance structure, the Company applies an internal Exclusion List to prevent direct investments in sectors or entities that present inherent sustainability risks. These include businesses engaged in prohibited weapons, forced or child labour, tobacco production, or entities established in jurisdictions subject to FATF, EU, or tax non-cooperation listings. This Exclusion List forms part of the Company’s pre-trade sustainability risk assessment and is reviewed periodically.

The Company’s governance model ensures that investment proposals are subject to rigorous due diligence and approval by the Investment Committee and, where applicable, the Board of Directors. The Risk Manager retains the authority to object to or veto investment decisions that contravene this Policy, the Exclusion List, or the constitutive documents of the Funds. Ongoing investment monitoring ensures that portfolios remain aligned with sustainability-risk criteria, with remediation or divestment actions considered in the case of material breaches.

In line with Article 3 of the SFDR and Delegated Regulation (EU) 2021/1255, the Company incorporates sustainability risks within its investment and risk management processes. These risks are assessed during pre-trade analysis and monitored post-trade as part of the ongoing risk framework. The Risk Management and Compliance functions report regularly to the Board of Directors on the exposure and management of such risks.

Where sustainability risks are deemed relevant to a Fund’s investment policy, they are explicitly considered during the investment analysis and recorded in the investment rationale.

The Company applies an Exclusion List prohibiting direct investments in activities associated with prohibited weapons, forced labour, tobacco, or entities headquartered in jurisdictions subject to EU or FATF restrictions. This exclusion framework forms part of the Company’s pre-trade sustainability risk assessment and is reviewed periodically.

Where the portfolio-management function is delegated to an external EU-established portfolio manager, that delegate must integrate sustainability risks into its own decision-making processes in line with EU standards. The Company conducts initial and ongoing

due diligence to ensure the delegate applies procedures consistent with its own minimum standards.

The Company retains ultimate responsibility for oversight of delegated activities and ensures alignment through regular reviews and reporting.

#### **4. Sustainability factors in Investment Decisions**

The aim of including sustainability risks in the investment decision making process is to identify the occurrence of these risks as soon as possible and to take appropriate measures to minimize the impact on the investments or the overall portfolio of the Funds.

The events or conditions that may be responsible for a negative impact on the performance of a given Fund are split into environmental, social and corporate governance, and their aspects will depend on the particular set-up of each Fund.

The relevance and materiality of each dimension depend on the investment strategy, asset class, and geographic exposure of each managed Fund.

- Environmental factors may include, for example, climate change mitigation and adaptation, energy efficiency, resource use, waste management, and the protection of biodiversity and ecosystems.
- Social factors may include compliance with internationally recognised labour standards, respect for human rights, diversity and inclusion, health and safety, prevention of modern slavery, and fair employment practices (including equal pay considerations).
- Governance factors may include sound management structures, employee rights, data protection, business ethics, anti-corruption measures, and transparency in corporate conduct.

The Portfolio Management Function ensures that sustainability factors are considered within the pre-trade assessment process and are incorporated into the Company's risk management and ongoing portfolio monitoring activities. The assessment of these factors contributes to the overall evaluation of investment opportunities and supports the Company's fiduciary duty to protect investors' interests.

#### **5. Sustainability Risk Management Approach**

The specific sustainability factors considered may vary as they depend on the specific investment strategy followed by each Fund. As an independent AIFM, the Company may be faced to many different type of investment products that fit into the three product categories as defined by SFDR:

- **Article 6 products:** standard financial products that do not promote environmental or social characteristics and do not have a sustainable investment objective;
- **Article 8 products:** financial products that promote, among other characteristics, environmental or social characteristics, provided that the companies in which the investments are made follow good governance practices; and
- **Article 9 products:** financial products that have sustainable investment as their objective.

**Currently, the Company manages only Article 6 products.**

When performing the risk-management function on behalf of the managed Funds, the Company integrates sustainability risks into the risk profiles of those Funds that incorporate such risks within their investment decision-making processes. The Risk Management Function regularly monitors and reports the overall risk exposure of each Fund, including sustainability risks, to the Board of Directors.

As part of its ex-ante risk management, the Company reserves the right for its Risk Manager to veto any investment decision inconsistent with the sustainability risk framework, as defined in this Policy.

The manner in which sustainability risks are reflected in each Fund's investment objectives and strategy is described in the respective fund documentation (such as constitutional documents or offering memoranda).

Integrating sustainability risks into the risk profiles enables the Company to monitor and report any material increase or breach of the established risk limits to the portfolio management function, so that appropriate mitigation measures may be implemented.

The limits set for sustainability-risk exposure are determined in line with each Fund's overall risk appetite and investment strategy. An increase in sustainability-risk exposure, whether due to changes in the ESG profile of a specific investment or the broader portfolio, may ultimately result in a decision to reduce or divest certain investments in order to maintain the Fund's overall risk alignment.

## **6. No Consideration of Adverse Impacts**

The Company does not consider Principal Adverse Impacts (PAIs) of its investment decisions on sustainability factors under Article 4 SFDR, as underlying data remains limited and inconsistent across asset classes. Nevertheless, sustainability considerations are incorporated in the Company's due diligence and risk-assessment processes to the extent relevant, in accordance with Section 5 of this Policy.

## **7. Conflicts of Interest and Greenwashing Risk**

The Company recognises that the integration of sustainability risks into investment and risk-management processes may give rise to potential conflicts of interest, including situations where sustainability considerations could unduly influence investment decisions or the presentation of products and strategies.

In line with Delegated Regulation (EU) 2021/1255, Recital 5, and the Company's Conflicts of Interest Policy, any such conflicts are identified, managed and, where necessary, disclosed to investors.

The Company maintains effective organisational and procedural arrangements designed to prevent the risk of misrepresentation or greenwashing, ensuring that all communications and disclosures relating to environmental, social and governance (ESG) matters are fair, clear, and not misleading.

The Compliance Function, together with the Risk Management Function, oversees ongoing monitoring of these risks and reports to the Board of Directors on any identified conflicts or potential ESG-related misstatements.

## **8. EU Taxonomy Statement**

Pursuant to Article 6 of Regulation (EU) 2020/852 (the "EU Taxonomy Regulation"), the Company hereby states that the investments underlying its financial products do not take into account the EU criteria for environmentally sustainable economic activities.

As the Company currently manages only Article 6 financial products within the meaning of the SFDR, the disclosure requirements under Articles 5 to 7 of the EU Taxonomy Regulation are not applicable.

This position will be reviewed should the Company, in the future, manage any products falling within Article 8 or Article 9 of the SFDR.

## **9. Policy Review and Approval**

This Policy forms part of the Company's overall governance and control framework and is subject to annual review and approval by the Board of Directors.

The review process is coordinated by the Risk Management and Compliance functions, which assess regulatory updates, supervisory expectations, and industry best practices to determine whether amendments are necessary.

Findings and recommendations from the review process are documented and submitted to the Board for approval and implementation.